

W. P. CAREY & CO. LLC

Consolidated Statements of Income (Unaudited)
(in thousands, except share and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Revenues				
Asset management revenue	\$ 19,080	\$ 19,227	\$ 37,900	\$ 38,335
Structuring revenue	13,102	365	19,936	10,774
Wholesaling revenue	2,230	1,597	4,333	2,690
Reimbursed costs from affiliates	15,354	11,115	30,402	20,111
Lease revenues	15,833	16,374	31,844	32,745
Other real estate income	4,797	4,557	8,572	7,770
	<u>70,396</u>	<u>53,235</u>	<u>132,987</u>	<u>112,425</u>
Operating Expenses				
General and administrative	(18,131)	(14,334)	(35,732)	(33,433)
Reimbursable costs	(15,354)	(11,115)	(30,402)	(20,111)
Depreciation and amortization	(5,815)	(6,574)	(11,991)	(11,694)
Property expenses	(2,379)	(1,921)	(4,628)	(3,371)
Other real estate expenses	(1,773)	(1,707)	(3,588)	(3,838)
Impairment charges	-	(900)	(2,268)	(900)
	<u>(43,452)</u>	<u>(36,551)</u>	<u>(88,609)</u>	<u>(73,347)</u>
Other Income and Expenses				
Other interest income	336	416	609	823
Income from equity investments in real estate and CPA [®] REITs	7,638	4,875	16,780	6,262
Other income and (expenses)	42	127	(622)	3,281
Interest expense	(3,765)	(3,805)	(7,476)	(8,000)
	<u>4,251</u>	<u>1,613</u>	<u>9,291</u>	<u>2,366</u>
Income from continuing operations before income taxes	31,195	18,297	53,669	41,444
Provision for income taxes	(6,751)	(3,720)	(10,863)	(9,920)
Income from continuing operations	<u>24,444</u>	<u>14,577</u>	<u>42,806</u>	<u>31,524</u>
Discontinued Operations				
Income from operations of discontinued properties	206	1,202	626	2,164
Gain on sale of real estate	56	478	460	343
Impairment charges	(985)	(1,380)	(5,869)	(1,380)
(Loss) income from discontinued operations	<u>(723)</u>	<u>300</u>	<u>(4,783)</u>	<u>1,127</u>
Net Income	<u>23,721</u>	<u>14,877</u>	<u>38,023</u>	<u>32,651</u>
Add: Net loss attributable to noncontrolling interests	128	203	414	373
Less: Net income attributable to redeemable noncontrolling interests	(417)	(103)	(592)	(338)
Net Income Attributable to W. P. Carey Members	<u>\$ 23,432</u>	<u>\$ 14,977</u>	<u>\$ 37,845</u>	<u>\$ 32,686</u>
Basic Earnings Per Share				
Income from continuing operations attributable to W. P. Carey members	\$ 0.62	\$ 0.36	\$ 1.08	\$ 0.79
(Loss) income from discontinued operations attributable to W. P. Carey members	(0.03)	0.01	(0.12)	0.03
Net income attributable to W. P. Carey members	<u>\$ 0.59</u>	<u>\$ 0.37</u>	<u>\$ 0.96</u>	<u>\$ 0.82</u>
Diluted Earnings Per Share				
Income from continuing operations attributable to W. P. Carey members	\$ 0.62	\$ 0.36	\$ 1.06	\$ 0.78
(Loss) income from discontinued operations attributable to W. P. Carey members	(0.03)	0.01	(0.12)	0.03
Net income attributable to W. P. Carey members	<u>\$ 0.59</u>	<u>\$ 0.37</u>	<u>\$ 0.94</u>	<u>\$ 0.81</u>
Weighted Average Shares Outstanding				
Basic	<u>39,081,064</u>	<u>39,350,684</u>	<u>39,116,126</u>	<u>39,067,391</u>
Diluted	<u>39,510,231</u>	<u>40,065,495</u>	<u>39,567,583</u>	<u>39,780,708</u>
Amounts Attributable to W. P. Carey Members				
Income from continuing operations, net of tax	\$ 24,155	\$ 14,677	\$ 42,628	\$ 31,559
(Loss) income from discontinued operations, net of tax	(723)	300	(4,783)	1,127
Net income	<u>\$ 23,432</u>	<u>\$ 14,977</u>	<u>\$ 37,845</u>	<u>\$ 32,686</u>
Distributions Declared Per Share	<u>\$ 0.506</u>	<u>\$ 0.498</u>	<u>\$ 1.010</u>	<u>\$ 0.994</u>

W. P. CAREY & CO. LLC

Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	<u>Six months ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
Cash Flows — Operating Activities		
Net income	\$ 38,023	\$ 32,651
Adjustments to net income:		
Depreciation and amortization including intangible assets and deferred financing costs	12,377	12,757
Income from equity investments in real estate and CPA [®] REITs in excess of distributions received	(5,942)	(3,157)
Straight-line rent and financing lease adjustments	429	967
Gain on sale of real estate	(460)	(343)
Gain on extinguishment of debt	-	(6,991)
Allocation of (loss) earnings to profit sharing interest	(373)	3,875
Management income received in shares of affiliates	(17,344)	(15,414)
Unrealized loss (gain) on foreign currency transactions and others	860	(39)
Realized loss (gain) on foreign currency transactions and others	143	(126)
Impairment charges	8,137	2,280
Stock-based compensation expense	4,936	5,260
Deferred acquisition revenue received	17,048	22,877
Increase in structuring revenue receivable	(9,352)	(5,416)
Decrease in income taxes, net	(6,116)	(8,454)
Net changes in other operating assets and liabilities	(6,075)	(6,044)
Net cash provided by operating activities	<u>36,291</u>	<u>34,683</u>
Cash Flows — Investing Activities		
Distributions received from equity investments in real estate and CPA [®] REITs in excess of equity income	7,762	7,606
Purchases of real estate and equity investments in real estate	(74,904)	(39,677)
VAT paid in connection with acquisition of real estate	(4,222)	-
Capital expenditures	(1,652)	(6,929)
Proceeds from sale of real estate	9,200	3,835
Funds released from escrow in connection with the sale of property	36,132	-
Proceeds from transfer of profit sharing interest	-	21,928
Net cash used in investing activities	<u>(27,684)</u>	<u>(13,237)</u>
Cash Flows — Financing Activities		
Distributions paid	(52,490)	(39,060)
Contributions from noncontrolling interests	11,180	1,583
Distributions to noncontrolling interests	(1,444)	(3,474)
Distributions to profit sharing interest	(693)	(3,434)
Scheduled payments of mortgage principal	(10,322)	(5,241)
Prepayments of mortgage principal	-	(11,918)
Proceeds from mortgage financing	6,315	39,000
Proceeds from line of credit	83,250	88,500
Prepayments of line of credit	(22,500)	(72,018)
Proceeds from loans from affiliates	-	1,624
Payment of financing costs	(301)	(806)
Proceeds from issuance of shares	799	874
Windfall tax (provision) benefits associated with stock-based compensation awards	(159)	242
Repurchase and retirement of shares	-	(10,686)
Net cash provided by (used in) financing activities	<u>13,635</u>	<u>(14,814)</u>
Change in Cash and Cash Equivalents During the Period		
Effect of exchange rate changes on cash	(1,243)	38
Net increase in cash and cash equivalents	20,999	6,670
Cash and cash equivalents, beginning of period	18,450	16,799
Cash and cash equivalents, end of period	<u>\$ 39,449</u>	<u>\$ 23,469</u>

W. P. CAREY & CO. LLC

Financial Highlights (Unaudited)
(in thousands, except per share amounts)

These financial highlights include non-GAAP financial measures, including earnings before interest, taxes, depreciation and amortization (“EBITDA”), funds from operations — as adjusted (“AFFO”) and adjusted cash flow from operating activities. A description of these non-GAAP financial measures and reconciliations to the most directly comparable GAAP measures is provided on the following pages.

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
EBITDA				
Investment management	\$ 22,273	\$ 10,430	\$ 37,172	\$ 23,498
Real estate ownership	<u>17,637</u>	<u>19,365</u>	<u>31,450</u>	<u>40,257</u>
Total	<u>\$ 39,910</u>	<u>\$ 29,795</u>	<u>\$ 68,622</u>	<u>\$ 63,755</u>
AFFO				
Investment management	\$ 22,670	\$ 11,627	\$ 34,759	\$ 25,960
Real estate ownership	<u>16,250</u>	<u>18,486</u>	<u>32,227</u>	<u>33,010</u>
Total	<u>\$ 38,920</u>	<u>\$ 30,113</u>	<u>\$ 66,986</u>	<u>\$ 58,970</u>
EBITDA Per Share (Diluted)				
Investment management	\$ 0.56	\$ 0.26	\$ 0.94	\$ 0.59
Real estate ownership	<u>0.45</u>	<u>0.48</u>	<u>0.79</u>	<u>1.01</u>
Total	<u>\$ 1.01</u>	<u>\$ 0.74</u>	<u>\$ 1.73</u>	<u>\$ 1.60</u>
AFFO Per Share (Diluted)				
Investment management	\$ 0.57	\$ 0.29	\$ 0.88	\$ 0.65
Real estate ownership	<u>0.41</u>	<u>0.46</u>	<u>0.81</u>	<u>0.83</u>
Total	<u>\$ 0.98</u>	<u>\$ 0.75</u>	<u>\$ 1.69</u>	<u>\$ 1.48</u>
Adjusted Cash Flow From Operating Activities				
Adjusted cash flow			<u>\$ 48,193</u>	<u>\$ 50,019</u>
Adjusted cash flow per share (diluted)			<u>\$ 1.22</u>	<u>\$ 1.26</u>
Distributions declared per share			<u>\$ 1.010</u>	<u>\$ 0.994</u>
Payout ratio (distributions per share/adjusted cash flow per share)			<u>83%</u>	<u>79%</u>

Reconciliation of Net Income to EBITDA (Unaudited)

(in thousands, except share and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Investment Management				
Net income from investment management attributable to W. P. Carev members	\$ 14,331	\$ 5,954	\$ 24,181	\$ 12,659
Adjustments:				
Provision for income taxes	6,780	3,440	10,658	9,205
Depreciation and amortization	1,162	1,036	2,333	1,634
EBITDA – investment management	<u>\$ 22,273</u>	<u>\$ 10,430</u>	<u>\$ 37,172</u>	<u>\$ 23,498</u>
EBITDA per share (diluted)	<u>\$ 0.56</u>	<u>\$ 0.26</u>	<u>\$ 0.94</u>	<u>\$ 0.59</u>
Real Estate Ownership				
Net income from real estate ownership attributable to W. P. Carev members	\$ 9,101	\$ 9,023	\$ 13,664	\$ 20,027
Adjustments:				
Interest expense	3,765	3,805	7,476	8,000
Provision for income taxes	(29)	280	205	715
Depreciation and amortization	4,653	5,538	9,658	10,060
Reconciling items attributable to discontinued operations	147	719	447	1,455
EBITDA – real estate ownership	<u>\$ 17,637</u>	<u>\$ 19,365</u>	<u>\$ 31,450</u>	<u>\$ 40,257</u>
EBITDA per share (diluted)	<u>\$ 0.45</u>	<u>\$ 0.48</u>	<u>\$ 0.79</u>	<u>\$ 1.01</u>
Total Company				
EBITDA	<u>\$ 39,910</u>	<u>\$ 29,795</u>	<u>\$ 68,622</u>	<u>\$ 63,755</u>
EBITDA per share (diluted)	<u>\$ 1.01</u>	<u>\$ 0.74</u>	<u>\$ 1.73</u>	<u>\$ 1.60</u>
Diluted weighted average shares outstanding	<u>39,510,231</u>	<u>40,065,495</u>	<u>39,567,583</u>	<u>39,780,708</u>

Non-GAAP Financial Disclosure

EBITDA as disclosed represents earnings before interest, taxes, depreciation and amortization. We believe that EBITDA is a useful supplemental measure to investors and analysts for assessing the performance of our business segments, although it does not represent net income that is computed in accordance with GAAP, because it removes the impact of our capital structure and asset base from our operating results and because it is helpful when comparing our operating performance to that of companies in our industry without regard to such items, which can vary substantially from company to company. Accordingly, EBITDA should not be considered as an alternative to net income as an indicator of our financial performance. EBITDA may not be comparable to similarly titled measures of other companies. Therefore, we use EBITDA as one measure of our operating performance when we formulate corporate goals, evaluate the effectiveness of our strategies, and determine executive compensation.

W. P. CAREY & CO. LLC

Reconciliation of Net Income to Funds From Operations — as adjusted (AFFO) (Unaudited)

(in thousands, except share and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Investment Management				
Net income from investment management attributable to	\$ 14,331	\$ 5,954	\$ 24,181	\$ 12,659
W. P. Carey members				
Amortization, deferred taxes and other non-cash charges	3,095	2,607	4,373	3,919
AFFO from equity investments	5,244	3,066	6,205	9,382
AFFO – investment management	\$ 22,670	\$ 11,627	\$ 34,759	\$ 25,960
AFFO per share (diluted)	\$ 0.57	\$ 0.29	\$ 0.88	\$ 0.65
Real Estate Ownership				
Net income from real estate ownership attributable to	\$ 9,101	\$ 9,023	\$ 13,664	\$ 20,027
W. P. Carey members				
Gain on sale of real estate, net	(56)	(478)	(460)	(343)
Gain on extinguishment of debt, net ^(a)	-	-	-	(2,796)
Depreciation, amortization and other non-cash charges	4,887	5,174	10,705	10,348
Straight-line and other rent adjustments	99	232	19	412
Impairment charges	985	2,280	8,137	2,280
AFFO from equity investments	1,448	2,411	544	3,413
Noncontrolling interests' share of AFFO	(214)	(156)	(382)	(331)
AFFO – real estate ownership	\$ 16,250	\$ 18,486	\$ 32,227	\$ 33,010
AFFO per share (diluted)	\$ 0.41	\$ 0.46	\$ 0.81	\$ 0.83
Total Company				
AFFO	\$ 38,920	\$ 30,113	\$ 66,986	\$ 58,970
AFFO per share (diluted)	\$ 0.98	\$ 0.75	\$ 1.69	\$ 1.48
Diluted weighted average shares outstanding	39,510,231	40,065,495	39,567,583	39,780,708

(a) In January 2009, Carey Storage repaid, in full, the \$35.0 million outstanding balance on its secured credit facility for \$28.0 million and recognized a gain of \$7.0 million on the repayment of this debt at a discount, inclusive of the profit sharing interest of \$4.2 million.

Non-GAAP Financial Disclosure

Funds from operations (FFO) is a non-GAAP financial measure that is commonly used by investors and analysts in evaluating real estate companies. Although the National Association of Real Estate Investment Trusts (NAREIT) has published a definition of FFO, real estate companies often modify this definition as they seek to provide financial measures that meaningfully reflect their operations. FFO or funds from operations — as adjusted (AFFO) should not be considered as an alternative to net income as an indication of a company's operating performance or to cash flow from operating activities as a measure of its liquidity but should be used in conjunction with GAAP net income. FFO or AFFO disclosed by other REITs may not be comparable to our AFFO calculation.

NAREIT's definition of FFO adjusts GAAP net income to exclude depreciation and gains/losses from the sales of properties and adjusts for FFO applicable to unconsolidated partnerships and joint ventures. We calculate AFFO in accordance with this definition and then include other adjustments to GAAP net income to adjust for certain non-cash charges such as amortization of intangibles, deferred income tax benefits and expenses, straight-line rents, stock compensation, impairment charges on real estate and unrealized foreign currency exchange gains and losses. We exclude these items from GAAP net income as they are not the primary drivers in our decision making process. Our assessment of our operations is focused on long-term sustainability and not on such non-cash items, which may cause short-term fluctuations in net income but that have no impact on cash flows, and we therefore use AFFO as one measure of our operating performance when we formulate corporate goals, evaluate the effectiveness of our strategies, and determine executive compensation. As a result, we believe that AFFO is a useful supplemental measure for investors to consider because it will help them to better understand and measure the performance of our business over time without the potentially distorting impact of these short-term fluctuations.

W. P. CAREY & CO. LLC

Adjusted Cash Flow from Operating Activities (Unaudited)

(in thousands, except share and per share amounts)

	Six months ended June 30,	
	2010	2009
Cash flow from operating activities	\$ 36,291	\$ 34,683
Adjustments:		
Distributions received from equity investments in real estate in excess of equity income ^(a)	4,004	9,040
(Distributions to) contributions received from noncontrolling interests, net ^(b)	(161)	252
Changes in working capital ^(c)	8,059	6,044
Adjusted cash flow from operating activities	\$ 48,193	\$ 50,019
Adjusted cash flow per share (diluted)	\$ 1.22	\$ 1.26
Distributions declared per share	\$ 1.010	\$ 0.994
Payout ratio (distributions per share/adjusted cash flow per share)	83%	79%
Diluted weighted average shares outstanding	39,567,583	39,780,708

- (a) We take a substantial portion of our asset management revenue in shares of the CPA[®] REIT funds. To the extent we receive distributions in excess of the equity income that we recognize, we include such amounts in our evaluation of cash flow from core operations.
- (b) Represents noncontrolling interests' share of contributions/distributions made by ventures that we consolidate in our financial statements.
- (c) Timing differences arising from the payment of certain liabilities and the receipt of certain receivables in a period other than that in which the item is recognized in determining net income may distort the actual cash flow that our core operations generate. We adjust our GAAP cash flow from operating activities to record such amounts in the period in which the liability was actually incurred.

Non-GAAP Financial Disclosure

Adjusted cash flow from operating activities refers to our cash provided by operating activities, as determined in accordance with GAAP, adjusted primarily to reflect timing differences between the period an expense is incurred and paid, to add cash distributions that we receive from our investments in unconsolidated real estate joint ventures in excess of our equity investment in the joint ventures, and to subtract cash distributions that we make to our noncontrolling partners in real estate joint ventures that we consolidate. We hold a number of interests in real estate joint ventures, and we believe that adjusting our GAAP cash provided by operating activities to reflect these actual cash receipts and cash payments may give investors a more accurate picture of our actual cash flow than GAAP cash provided by operating activities alone and that it is a useful supplemental measure for investors to consider. We also believe that adjusted cash flow from operating activities is a useful supplemental measure for assessing the cash flow generated from our core operations, and we use this measure when evaluating distributions to shareholders and as one measure of our operating performance when we determine executive compensation. Adjusted cash flow from operating activities should not be considered as an alternative to cash provided by operating activities computed on a GAAP basis as a measure of our liquidity. Adjusted cash flow from operating activities may not be comparable to similarly titled measures of other companies.